

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 6, 2005

Responsible: Stephen H. Bryant, President  
As to Objection: Legal Counsel

AG-3-7      Please provide a complete and detailed description of any plans or proposals to restructure, reorganize, downsize, and / or outsource any of the Company's functions. Please also provide copies of any such plans made to management, along with all memoranda, e-mails, analyses, and cost / benefit analyses regarding any such plans.

Response:      Objection. This request is overbroad, duly burdensome, vague and likely to produce documents not relevant to this proceeding. Notwithstanding this objection, but rather, specifically maintaining it, Bay State and its affiliates regularly engage in evaluating, competitively bidding and engaging third-party vendors to provide many services within the corporation that one of the NiSource affiliates might otherwise be able to do itself.

For additional information, please refer to Bay State's response to AG-3-8.

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Responsible: Stephen H. Bryant, President  
As to Objection: Legal Counsel

AG-3-8        Please provide a complete and detailed description of any plans or proposals to restructure, reorganize, downsize, and / or outsource any of the Service Company's functions. Please also provide copies of any such plans made to management, along with all memoranda, e-mails, analyses, and cost / benefit analyses regarding any such plans.

Response:    Objection. This request is overbroad, duly burdensome, vague and likely to produce documents not relevant to this proceeding. Notwithstanding this objection, Bay State and its affiliates regularly engage in evaluating, bidding and contracting with third-party vendors to provide many services within the corporation that one of the NiSource affiliates might otherwise be able to do for itself or others.

For instance, PeopleSoft manages NiSource's electronic payroll information source and acts as a liaison for NiSource employees with a payroll information portal. See Attachment AG-3-8 (a)(1). In 2003, NiSource Corporate Services engaged third-party human resources consultant Hewitt Associates to manage benefits selection, provisioning and information for employees of the NiSource affiliates. See Attachment AG-3-8 (a)(2). Bay State regularly engages third party corrosion experts to evaluate its pipelines. See generally, Bay State's responses to AG Set 2. A firm named ESIS provides risk management services; a firm named LRN provides business ethics training to all employees. See Attachment AG-3-8 (b). Achieve Solutions provides employee wellness assistance; Travelport manages employee and management travel; Aramak manages NiSource's cafeterias; Megasys provides freight logistics. See Attachment AG-3-8(c). Fidelity Investments, Mellon Financial and Prudential Investments manage portions of the NiSource 401K, retirement savings and employee stock purchase programs, and advise employees regarding the same. See Attachment AG-3-8(d).

More recently, NiSource has announced that it has selected business process service provider IBM for a business initiative, with whom it will move forward into a period of negotiation relative to a business services contract. NiSource has not yet finalized which business activities, services or processes may be outsourced or to what extent. The provider, IBM, is currently gathering information about NiSource's work

processes. This will help IBM validate its business service proposals and ensure that it is able to provide the level of service quality and customer satisfaction that NiSource and its affiliates require. Final decisions should be made as to whether to go forward and to what extent in late June or July of 2005. See Attachment AG-3-8(e).

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-12 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 6, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-12 (a) for copies of contractual agreements between Bay State Gas Company and RJ Rudden and other related material.

Attachment AG-3-12 (b) includes copies of all RJ Rudden invoices that have been processed to date.

The work product from RJ Rudden have been supplied in response to AG-2-16.

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-13      Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 8, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response:    Please see Attachment AG-3-13 (a) for copies of contractual agreements between Bay State Gas Company and Hewitt Associates and other related material.

Attachment AG-3-13 (b) includes copies of all Hewitt Associates invoices that have been processed to date.

The work product from Hewitt Associates has been incorporated throughout Mr. Barkauskas' testimony, Exh. BSG/SAB-1, and supporting documentation.

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-14 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 8, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-14 (a) for copies of contractual agreements between Bay State Gas Company and Paul LaShoto and other related material.

Attachment AG-3-14 (b) includes copies of all of Paul LaShoto's invoices that have been processed to date.

The work product from Paul LaShoto has been supplied as part of Mr. Cote's exhibits, Exh. BSG/DGC-8 through Exh. BSG/DGC-11, and will be incorporated as part of the Company's responses to AG-1-19 and DTE-3-22, 3-23, 3-25 and 3-26.

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-15      Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 9, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response:    Please see Attachment AG-3-15 (a) for copies of contractual agreements between Bay State Gas Company and Blue Cod Technologies and other related material.

Attachment AG-3-15 (b) includes copies of all Blue Cod Technologies invoices that have been processed to date.

The work product from Blue Cod Technologies has been supplied as part of Mr. Cote's exhibits, Exh. BSG/DGC-8 through Exh. BSG/DGC-11, and will be incorporated as part of the Company's responses to AG-1-19 and DTE-3-22, 3-23, 3-25 and 3-26.

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-16 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 10, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-16 (a) for copies of contractual agreements between Bay State Gas Company and META Group and other related material.

Attachment AG-3-16 (b) includes copies of all META Group invoices that have been processed to date.

The work product from META Group has not been finalized, and will be provided upon completion.



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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-17 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 11, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-17 (a) for copy of the contractual agreement between Bay State Gas Company and Coler and Colantonio.

Attachment AG-3-17 (b) includes copies of all Coler and Colantonio invoices that have been processed to date.

The work product from Coler and Colantonio, which are current blue prints of the Company's Westborough, Brockton, Springfield, Lawrence, and Ludlow, Massachusetts offices as well as Northern Utilities' Portsmouth, New Hampshire office, are each 2X3 feet, and difficult to reproduce. Therefore, the Company will make these available for review at its Westborough office.

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-18 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 12, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-18 (a) for copies of contractual agreements between Bay State Gas Company and Corporate Renaissance and other related material.

Attachment AG-3-18 (b) includes copies of all Corporate Renaissance invoices that have been processed to date.

The work product from Corporate Renaissance related to Bay State's documentation of its penalty-based service quality measures has been supplied in response to DTE-GAS 1-1, which is the Department's investigation into service quality standards in Docket D.T.E. 04-116. The Company also filed these same materials as part of its response to D.T.E. 1-1 of Docket D.T.E. 05-12, which is the Department's investigation of the Company's 2004 Service Quality Report. A copy of these documents are included here as Attachment AG-3-18 (c) for convenience.

Attachment AG-3-18 (d) includes copies of the two audits produced by Corporate Renaissance related to Bay State's penalty and non-penalty based measures, respectively.

**BULK RESPONSE**

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Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-19 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 13, please provide a copy of the letter of engagement as well all work product and invoices to date as a result of that engagement.

Response: Please see Attachment AG-3-19 (a) for copies of contractual agreements between Bay State Gas Company and Baryenbruch & Company and other related material.

Attachment AG-3-19 (b) includes copies of all Baryenbruch & Company's invoices that have been processed to date.

Attachment AG-3-19 (c) reflects the work product from Baryenbruch & Company.

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AG-3-20      Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 20, line 14,  
please provide a copy of the letter of engagement as well all work product  
and invoices to date as a result of that engagement.

Response:    Please see Attachment AG-3-20 (a) for copies of contractual agreements  
between Bay State Gas Company and Dan Yardley and other related  
material.

To date, the Company has not received any invoices from Dan Yardley.

The work product from Dan Yardley is reflected in the testimony of Mr.  
Ferro, including Exhibits BSG/JAF-1, BSG/JAF-2, and BSG/JAF-3, and  
other supporting schedules.